

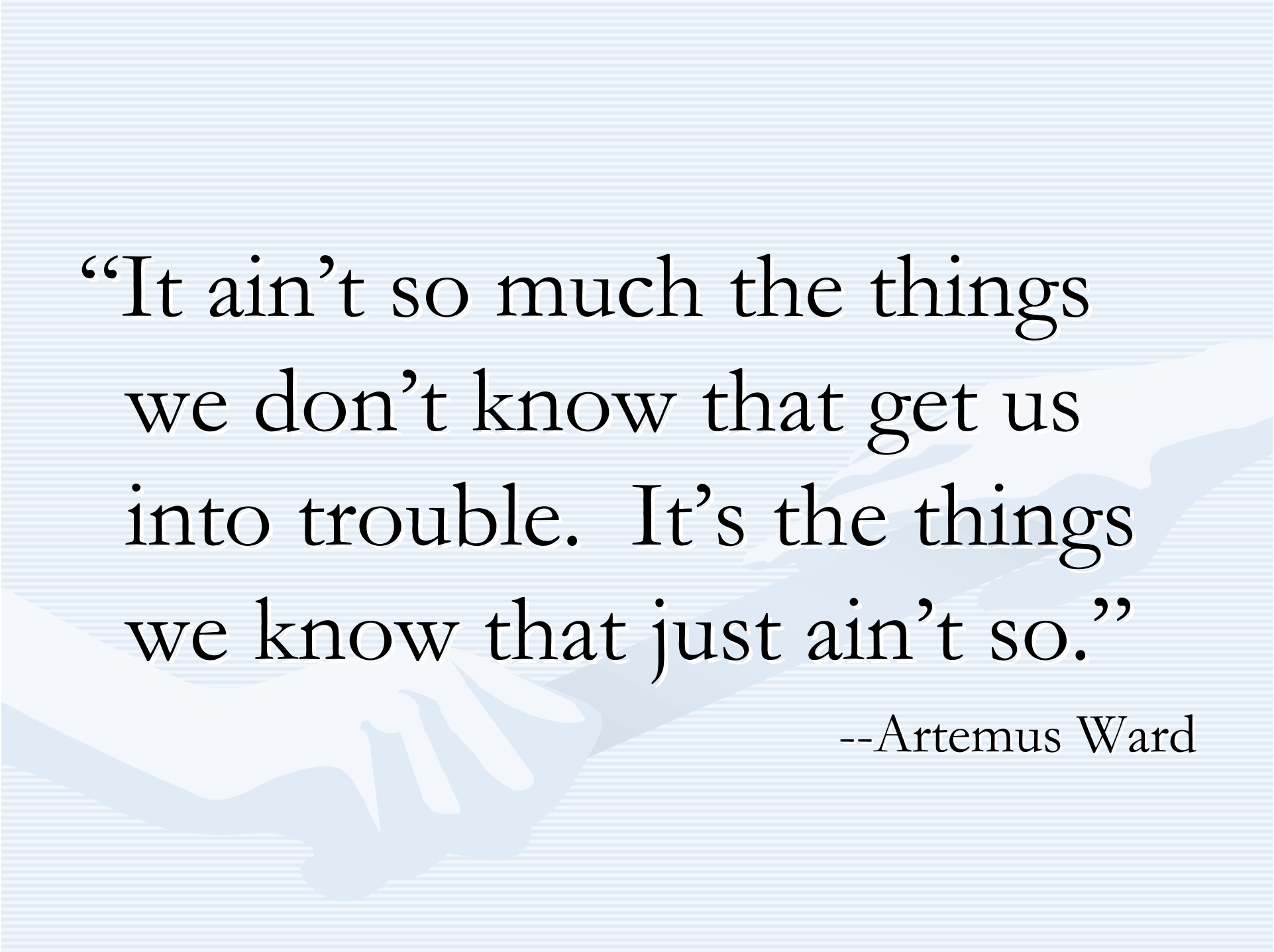
14th Annual Indiana Affordable Housing Conference

“I Do Know Something About Something”

Presenter: Jacquie Dodyk, Executive Director
Affordable Housing Corporation

THERE'S NO PLACE LIKE HOME

September 14, 2004



“It ain’t so much the things
we don’t know that get us
into trouble. It’s the things
we know that just ain’t so.”

--Artemus Ward

Organizational Arrangements to Gain and Sustain Momentum

Arm?

Affiliate?

Component?

Division?

Department?

Joint Venture?

Partner?

Parent?

Subsidiary?

None of the Above??

Affordable Housing Corporation and Marion Housing Authority

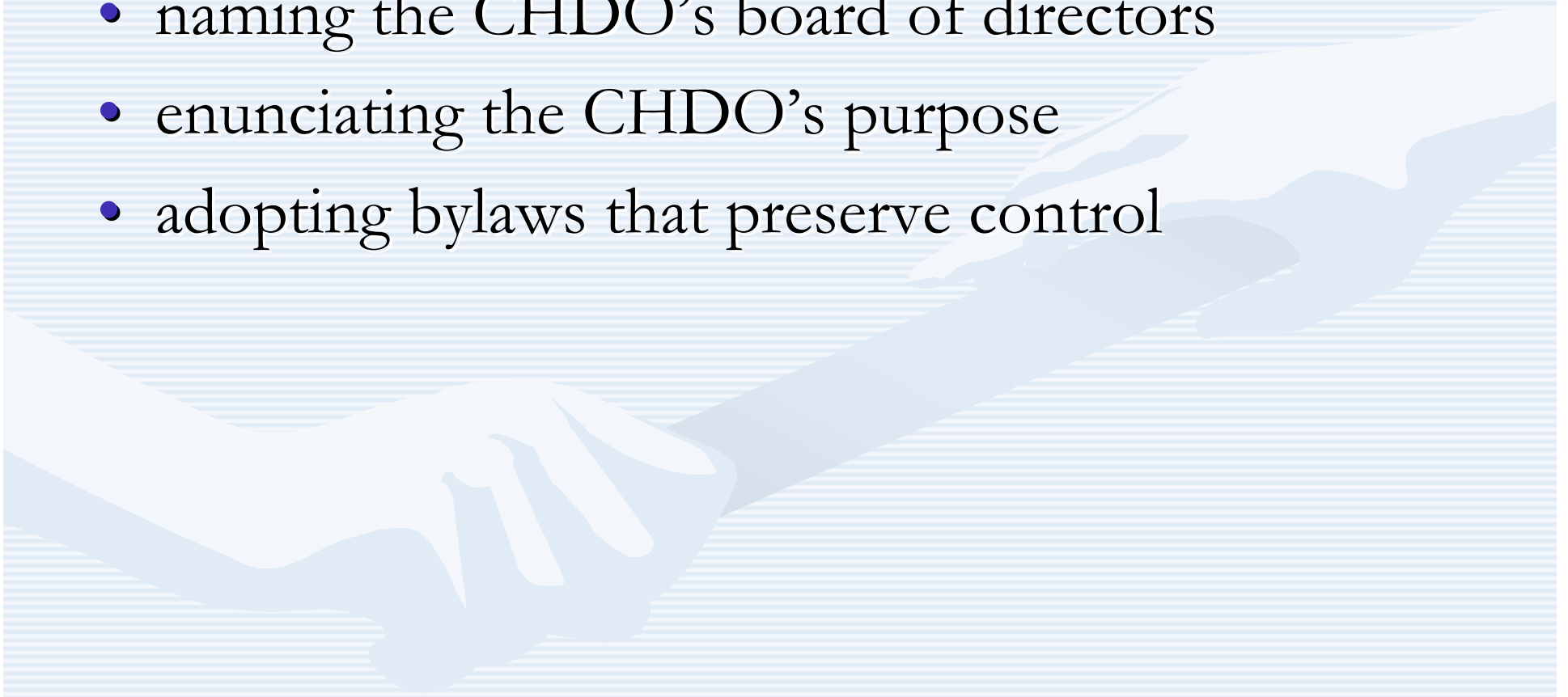
- Housing Needs Assessment (1994)
- AHC Board Formation & Incorporation (1995)
- AHC 501 (c) (3) Status (1996)
- Strategic Plan Development (1996)
- AHC CHDO Certification & CHDO Works Operating Assistance Grant (1997)
- AHC Full-Time Executive Director (1997)

Parent with a Subsidiary CHDO

- housing activities are better pursued by an independent BUT CONTROLLED subsidiary
- increased focus on housing development
- prospect of obtaining grants is enhanced
- revenues generated by activities of the CHDO may be unrelated or incompatible with tax-exempt purposes of the parent

Parent Role

- incorporating the CHDO as a subsidiary
- naming the CHDO's board of directors
- enunciating the CHDO's purpose
- adopting bylaws that preserve control

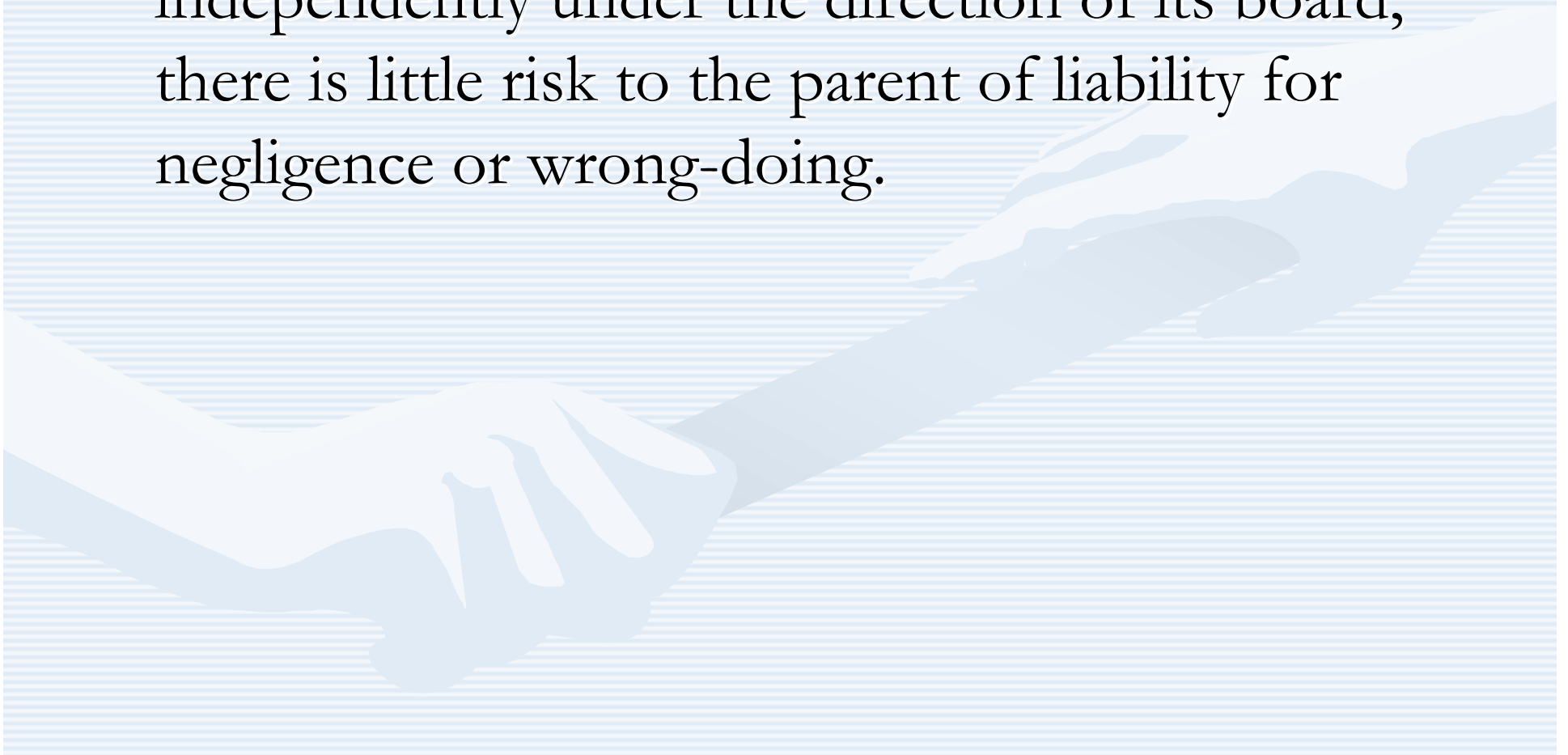


Parent Controls

- sole shareholder or sole voting member
- voting controls in articles of incorporation
- bylaws
 - designation and authority of officers
 - permit parent to elect/remove directors
 - prohibit amendments without parent approval

Independence Lowers Liability

As long as the parent permits the subsidiary to act independently under the direction of its board, there is little risk to the parent of liability for negligence or wrong-doing.



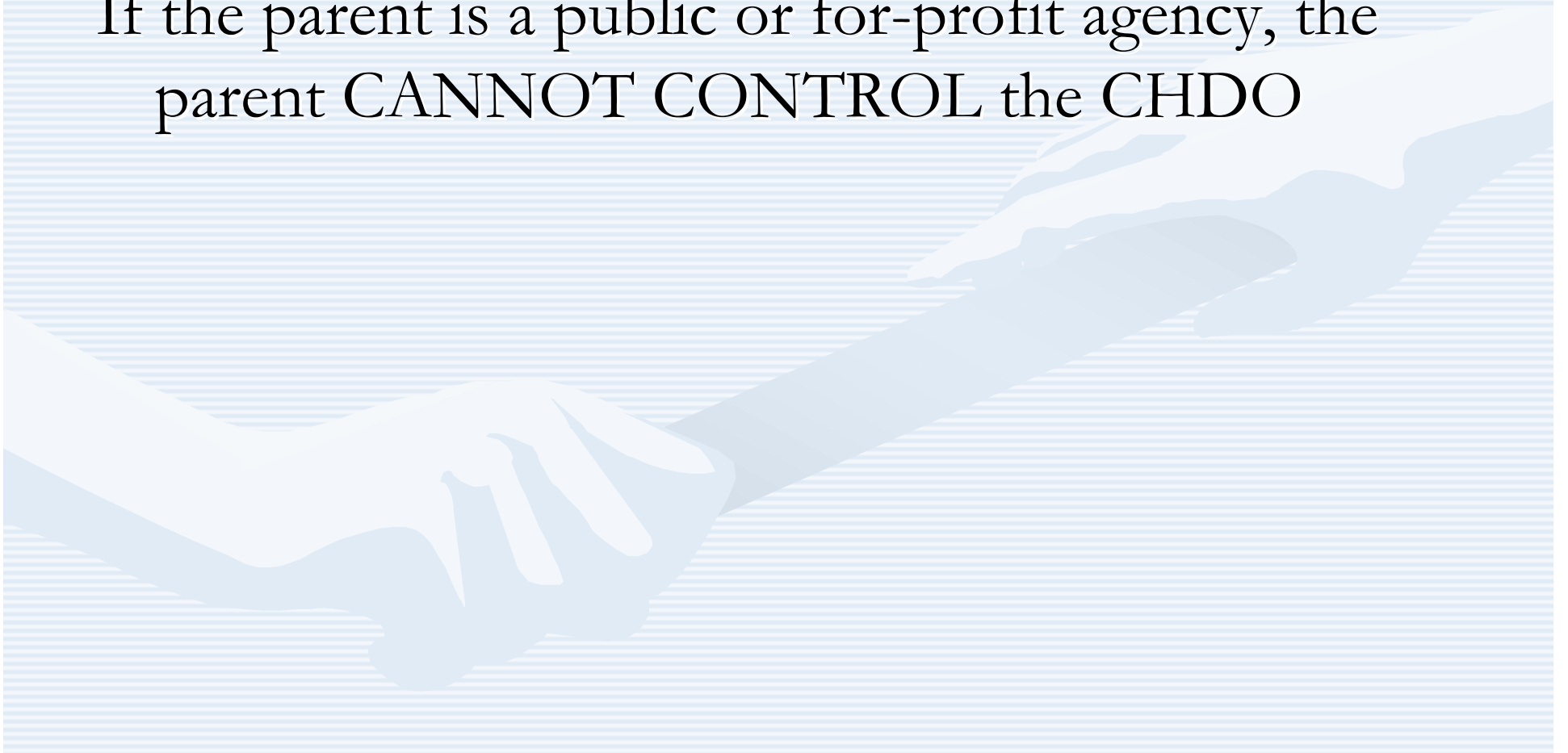
CAUTION!

“Piercing the Corporate Veil”

- commingling funds
- interchanging employees
- having the parent’s board serve as the board of the subsidiary
- sharing office facilities
- using a common letterhead
- otherwise blurring distinctions

CAUTION!

If the parent is a public or for-profit agency, the parent **CANNOT CONTROL** the CHDO



Maximum One-Third Public Sector Board Representation

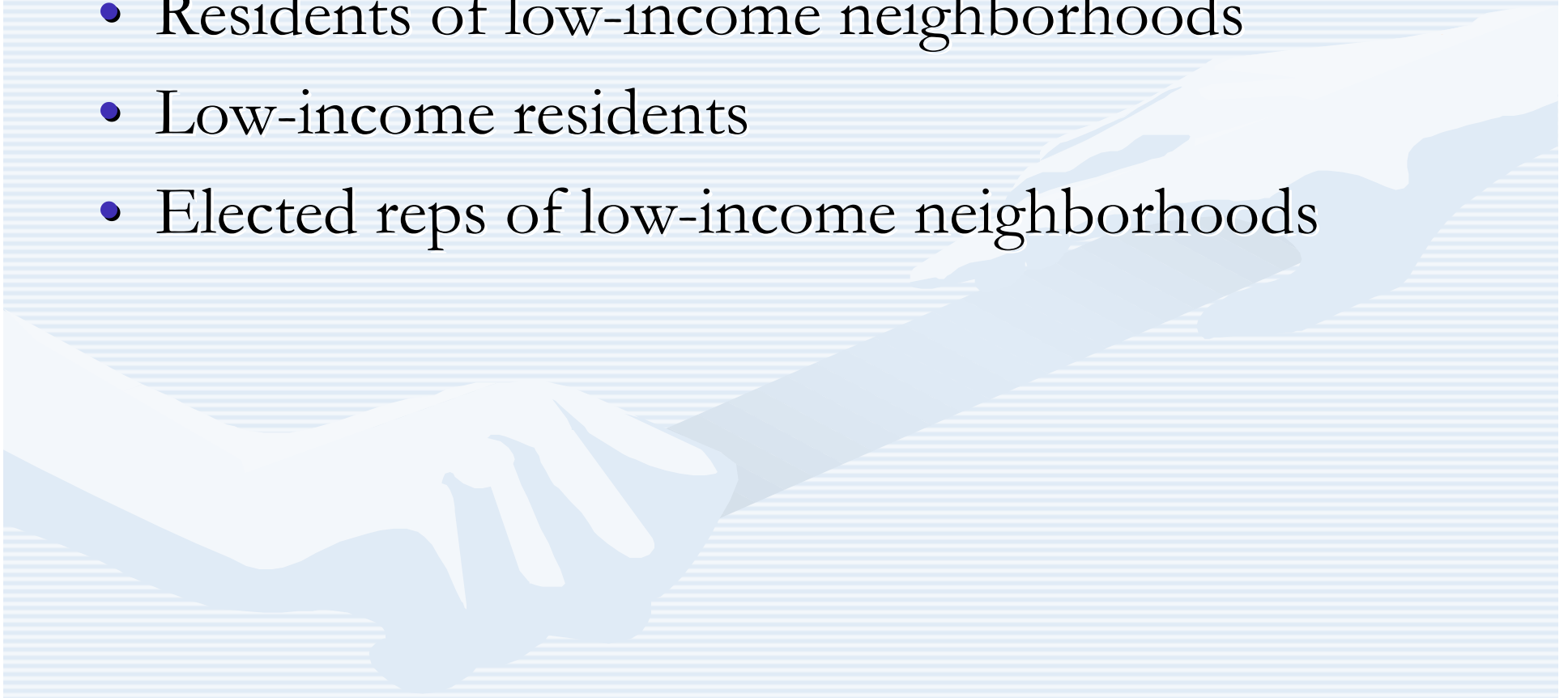
- Elected officials
- Appointed public officials
- Public agency employees
- Public official's appointees

Maximum
One-Third
Public



Minimum One-Third Low-Income Community Representation

- Residents of low-income neighborhoods
- Low-income residents
- Elected reps of low-income neighborhoods



Public & Low-Income Reps

If a board member of the subsidiary CHDO meets the requirements for both low-income and public-sector representation, then he/she counts towards the one-third maximum public and does not count towards the one-third minimum low-income representation requirement



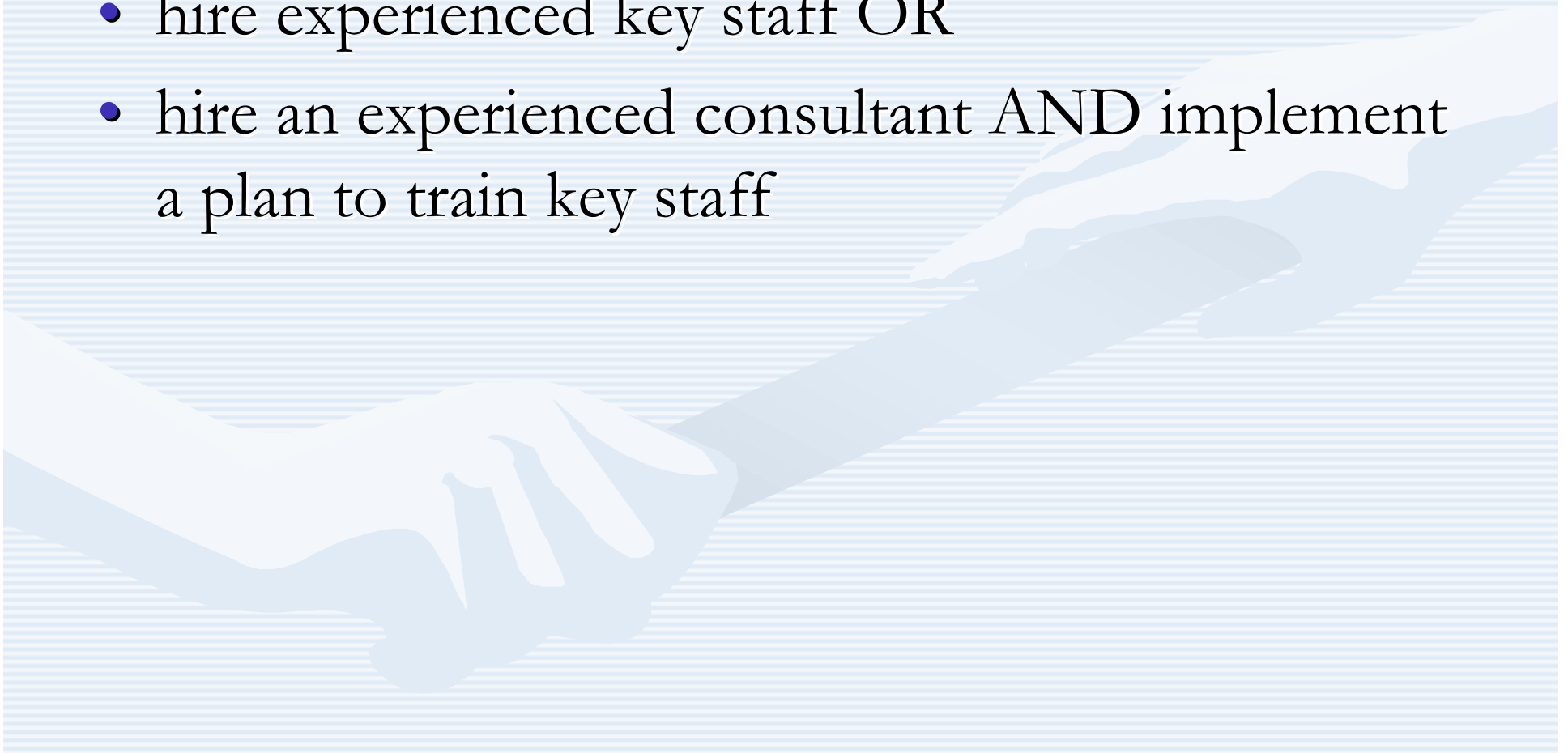


To Be or Not To Be a CHDO?

A CHDO must also demonstrate
capacity for carrying out activities
assisted with HOME funds

CHDO Capacity Requirements

- hire experienced key staff OR
- hire an experienced consultant AND implement a plan to train key staff



CHDO Audit Requirements

- standards of financial accountability conform to 24 CFR 84.21
- OMB Circular A-133 audit requirements
 - requires the use of Government Auditing Standards (Commonly referred to as the Yellow Book) and the review of internal controls
 - threshold \$100,000 federal funds received

CHDO Benefits (IHFA HOME Program)

- zero-interest pre-development loans
- general/project operating support
- training and technical assistance
- owners, developers or sponsors of projects undertaken with 15% set-aside HOME funds
- can loan HOME funds (interest & re-payment)

AHC and MHA

General Operating Agreements

- Flat Fee
- Share/Reimburse Costs

Fee-For-Service Agreements

- Property Management
- Development Services



AHC Core Services: Asset-Building

- HOME BASE Homeownership Programs
(Quarterly Workshops)
- Individual Development Accounts (IDAs)
- Home Equity Conversion Mortgage Counseling
- HUD Certified Housing Counseling Agency
- Microenterprise Venture Partnerships (pending)

AHC Housing Developments

Pre-development (First Project):

- Implement Strategic Plan based on Needs Assessment
- \$25,000 Line of Credit from MHA
- Operating Assistance from MHA and IHFA
- Project Development Trainings
- Federal Grant Administration Trainings
- Donated Land (Site Control)
- Paid Consultant Involvement

AHC Housing Developments

Thomas Jefferson Addition

(Single Site – Urban Neighborhood):

- CHDO Role: Developer
- Development: 1997 to 2000
- New Construction: 24 Rentals & 10 Sale Units

AHC Housing Developments

Hunter's Run Apartments

(Single Site – RHTC Project):

- CHDO Role: Co-General Partner
("Advocate")
- Development: 1998 to 2000 by Sterling
- New Construction: 72 Rental Units

AHC Housing Developments

Emerson Townhomes

(Single Site – Urban Neighborhood):

- CHDO Role: Developer and Owner
- Development: 2000 to 2001
- New Construction: 8 Rental Units

AHC Housing Developments

Springhill of Marion

(Scattered Site – RHTC Project):

- CHDO Role: Co-Developer & GP
- Development: 2001 to 2003
- New Construction: 36 Single-Family,
Lease-Purchase Units

AHC Housing Developments

Neighborhood Impact Projects

(Scattered Site – Near CHDO New Construction Projects):

- CHDO Role: Developer
- Development: 2002 to 2004
- Rehab: 15 Owner-Occupied



Sustaining Momentum

“Good to Great”

Jim Collins

Distinguishing Factors

- Disciplined People
 - Level 5 Leadership
 - First Who Then What
- Disciplined Thought
 - Confront the Brutal Facts
 - Hedgehog Concept
- Disciplined Action
 - Culture of Discipline
 - Technology Accelerators

Disciplined People

Level 5 Leadership

- more plow horse than show horse
- ambitious for organization not self
- set up successors for even greater success

First Who Then What

- get right people on the bus; wrong people off
- THEN figure out where and how to drive the bus
- place greater weight on character attributes

Disciplined Thought

Confront Current Reality

- turn over rocks & deal with it (without blame)
- engage others in a search for the best answers
- build in “red flags” so info cannot be ignored

Hedgehog Concept

- what your org can be the best in the world at
- what drives your org’s economic engine
- what you are deeply passionate about

Disciplined Action

A Culture of Discipline...

The transition from good-to-great begins not by trying to discipline the wrong people into the right behaviors, but by getting and keeping self-disciplined people on the bus in the first place

Role of Technology...

Know which technologies link directly to your Hedgehog Concept. If the technology fits directly with your HC, you need to become a pioneer in the application of that technology

Flywheel 101 for a CHDO

- Documented Housing Needs/Demand
- Strategic Plan
- Operating Assistance
- Qualified, Trained Staff (The Right People)
- Pre-Development Dollars
- Development Partners

Gaining and Keeping Momentum (Red Flags and Hedgehogs)

- Regular Board/Staff Meetings
- Annual Operating Budgets by Program
- Staff Utilization (Functional Time Estimates)
- Community Assessments/Housing Studies
- Strategic Framework with Annual Action Plans
- Quarterly Performance Updates tied to Action Plans
- Annual Program Reviews/Organizational Pulse-Check